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C O N F I D E N T I A L SECTION 01 OF 02 SINGAPORE 000076

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NSC FOR DEPUTY NSA DANIEL PRICE AND DIRECTOR MICHAEL SMART

E.O. 12958: DECL: 01/16/2018

TAGS: ETRD ECON EFIN SN

SUBJECT: D/NSA PRICE URGES GOS TO SUPPORT AMBITIOUS WTO SERVICES MARKET ACCESS

Classified By: Charge d'Affaires Daniel L. Shields. Reasons  
1.4 (b) and (d)

¶1. (C) Summary: Assistant to the President and Deputy National Security Advisor (D/NSA) for International Economic Affairs Daniel Price pressed Singapore to speak out for an ambitious World Trade Organization (WTO) agenda on services during his January 15 meetings. Singapore officials countered that the WTO should remain focused on concluding the NAMA (non-agricultural market access) and agricultural texts and not immediately push for an ambitious agreement on services. Minister for Trade and Industry LIM Hng Kiang said that Singapore supported the view of WTO Director Pascal Lamy that no new agenda items should be addressed until after the modalities for NAMA and agriculture texts are finalized. D/NSA Price pushed back on the need for services to be included in an agreement on NAMA and agriculture modalities. Minister Lim indicated that if Lamy tells Singapore it would be helpful for services to be included in such agreement, Singapore will speak up in favor. Foreign Minister George Yeo said he was "disturbed" by what he claimed was a change in the U.S. position to elevate the priority placed on services. He questioned how the Doha Round could be concluded this year in the context of the U.S. presidential election campaign and the continued intransigence of key WTO members such as Brazil and India. GOS officials praised U.S. plans to join negotiations on investment and financial services with the "P-4" group of countries, noting that this decision sends a strong signal to the region about the level of U.S. commitment. End summary.

¶2. (SBU) D/NSA Daniel Price visited Singapore January 14-15 to discuss modalities for concluding the WTO Doha round, regional architecture and related economic and trade issues. In separate meetings with FM Yeo, Minister Lim, Minister for Finance Tharman Shanmugaratnam, and MTI Permanent Secretary Peter Ong, he urged that Singapore speak up in support of an ambitious agenda on services market access. He also held discussions with Singapore-based U.S. business representatives and financial economists, and held a press conference attended by local and foreign media.

Ambitious Outcomes Needed

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¶3. (C) D/NSA Price emphasized in each of his meetings the President's commitment to conclude an ambitious Doha agreement this year and Doha's importance for maintaining the stability of the international trading system. He called for ambitious outcomes in the three pillars of the WTO negotiations -- agriculture, NAMA (non-agricultural market access), and services. Support for Doha in the United States is contingent on a strong services market access package. Price expressed appreciation for Singapore's leadership of the "Middle Ground" group of countries with respect to NAMA, but said that the United States is surprised and disappointed by Singapore's lack of support for the chair of the services negotiating group to issue a text that calls on members to make commitments that: 1) close the gap between bound commitments and current levels of market access and national treatment; and 2) provide new market access in sectors where significant trade impediments remain. Calling the lack of progress in services negotiations "unacceptable," D/NSA Price urged the GOS to work with us and other like-minded members to insist that an ambitious services text be included in an agreement on agriculture and NAMA modalities.

NAMA and Agriculture Now, Services Later

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¶4. (C) Minister Lim disagreed that now is the time to push for more robust services market access, which he likened to a potential "spanner in the works." The first priority should be to conclude an agreement on NAMA and agriculture modalities. Minister Lim recalled that WTO Director General Pascal Lamy had told him during the December 2007 UN Climate Change Conference in Bali that he did not want to introduce "new" elements such as services until after agreement is

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reached on NAMA and agriculture. To do otherwise would create demands for additional agenda items and further delays. Minister Lim said that Singapore supports Director General Lamy's position. D/NSA Price clarified that the services commitments under discussion are not new. (Note: For example, Annex C of the Hong Kong Ministerial Declaration calls on members to make commitments at existing levels of market access and non-discriminatory treatment. End note.) He urged Singapore to be an advocate for an ambitious services paper. Minister Lim indicated that if Lamy tells Singapore it would be helpful to have a services paper as part of the agreement on agriculture and NAMA modalities, Singapore will speak up.

¶5. (C) FM Yeo said he was "disturbed" by what he characterized as a change in the United States' position to elevate the priority placed on services. Like Minister Lim, he encouraged continued focus on NAMA and agriculture. He questioned our ability to conclude the Doha Round this year, observing that the U.S. Congress was preoccupied in an election year and appeared increasingly suspicious of trade liberalization. From a global perspective, there were other reasons to be pessimistic. Brazil has much to gain from an agreement that reduces agricultural tariffs and subsidies; however, it is reluctant to break ranks with India. FM Yeo was highly doubtful that India would make the concessions necessary to reach agreement, citing as a parallel example the difficulties ASEAN has encountered in negotiating an FTA with India. FM Yeo made it clear, however, that while he has views on these issues, he is not responsible for them. That responsibility lies with Minister Lim, he noted.

U.S. Engagement and the P-4 FTA

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¶6. (C) Minister Lim emphasized the importance of U.S. engagement in Southeast Asia and in its regional architecture. The U.S. presence makes it easier for ASEAN to deal with China, he said. Singapore appreciates the U.S. decision to participate in negotiations on investment

and financial services set to commence in February among the P-4" group of countries (Singapore, Chile, New Zealand, and Brunei) and to explore full participation in the P-4 Free Trade Agreement at some later date. FM Yeo noted that the possibility of a P-4 deal with the United States "got the region's attention." We must encourage other countries such as Australia and South Korea, after the KORUS FTA is concluded, to join in order to build momentum, he said. MTI Permanent Secretary Ong said that the P-4 arrangement sends a strong signal about U.S. commitment to the region. However, he emphasized the importance of bringing in other members in order to avoid creating a "two-tiered APEC" in which only the wealthier members were party to a high-standard trade liberalization regime, such as that envisioned under the P-4 framework.

¶7. (U) D/NSA Price cleared this message.

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